



Representative Bill Reineke

Sponsor Testimony HB 103

June 21, 2017

Chairman Coley, Vice Chair Uecker, Ranking Member Schiavoni,

And members of the Government Oversight and Reform Committee.

Thank you for allowing me to speak to HB 103.

This legislation updates the statute governing the Financial Planning and Supervision Commission of an entity in fiscal emergency.

In the unfortunate case where the Auditor of State declares a political subdivision in fiscal emergency, Ohio law triggers immediate actions to help put their financial house back in order. A major part of this is the appointment of a Financial Planning and Supervision Commission to oversee the process. This commission has the power to approve or reject the recovery plan that the entity's governing body (i.e. city council, board of county commissioners, board of township trustees) proposes.

This legislation will increase independence and accountability on the Financial Planning and Supervision Commission, ensuring the entity in fiscal emergency will craft a sound recovery plan.

This proposal will change the composition of the Financial Planning and Supervision Commission by reducing the number of local government appointees from five to three. It would affect counties, municipalities, villages, and townships. The model is based off of the same composition for school districts in fiscal emergency, a structure that has proven very effective in getting districts out of fiscal emergency in a timely fashion.

In addition to the change in the Commission structure, this legislation includes three additional provisions.

The first is to make permanent, the provision to escalate a local government from Fiscal Watch to Fiscal Emergency, when they fail to implement their submitted financial recovery plan. Current law includes this provision, but it will sunset at the end of 2017. We are simply seeking to make this permanent.

Second, this bill will expand what can be included in the content of a financial recovery plan through the use of funds with self-imposed restrictions. Failure to do so would result in enforcement of the 85% expenditures rule already in place.

Finally, this bill proposes to grant additional power to the Financial Planning and Supervision Commission. They will be able to approve or reject financial information submitted by the local

government, and they will be able to compel the production of timely, accurate financial data to the Financial Supervisor. Failure to do so would result in enforcement of the 85% expenditures rule already in place.

This bill, HB 103, is about saving our local governments money and allowing them to return to effective and efficient government sooner rather than later.

This is Buckeye Pathway Legislation.

Thank you to Chairman Coley, Vice Chair Uecker, Ranking Member Schiavoni, and members of the Government Oversight and Reform Committee. I would be happy to answer any questions at this time.